

HEARING ON MEMBER PROPOSALS ON ENERGY TAX INCENTIVES

HEARING
BEFORE THE
SUBCOMMITTEE ON SELECT REVENUE MEASURES
OF THE
COMMITTEE ON WAYS AND MEANS
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HEARING ON MEMBER PROPOSALS ON ENERGY TAX INCENTIVES

Tuesday, April 24, 2007

U.S. House of Representatives,
Committee on Ways and Means,

Subcommittee on Select Revenue Measures,
Washington, D.C.

The Subcommittee met, pursuant to notice, at 3:14 p.m., in Room 1100, Longworth House Office Building, Hon. Chairman Richard E. Neal [Chairman of the Subcommittee] presiding.

[The [advisory](#) of the hearing follows:]

*Chairman Neal. ♦ Good afternoon. ♦ I want to welcome all of you to the second of two hearings to be held by this Subcommittee on alternative energy issues.

The full Committee began this process back in February, hearing from scientists and experts on climate change and global warming. ♦ They urged Congress to act to reduce carbon dioxide emissions, which are a primary cause of global warming.

Last week we heard from industry experts, who advocated for certain tax incentives to support or enhance alternative energy sources and carbon reduction. ♦ And today we will hear from Members of Congress, who will share with us their proposals for tax incentives for America and to make sure we go green. ♦ Soon after these hearings conclude, I expect the full Committee will mark up tax legislation on these very issues.

I want to welcome each of you who will be sharing with us today your ideas on alternative energy and carbon reduction. ♦ I believe we have several bipartisan panels representing a broad range of ideas and geography.

This hearing provides us the opportunity to hear from our colleagues regarding tax proposals that are important to them and their constituents, and I look forward to all of the testimony we are about to hear today.

And I would now like to recognize my friend, Mr. English, for his opening statement.

*Mr. English. ♦ Thank you, Mr. Chairman. ♦ Thank you for bringing together this array of member expertise to testify to us. ♦ I have a written statement that I would like to submit for the record. ♦ But in the interest of moving this process forward, I would simply like to do that and yield back the balance of my time.

[The statement of Mr. English follows:]

[Not available at the time of printing]

*Chairman Neal. ♦ Thank you.

I don't believe that there are any other Members of the Subcommittee who are seeking recognition for an opening statement. ♦ But without objection, any other Members wishing to insert statements as a part of the record may do so. ♦ And all written statements by the witnesses will be inserted in the record as well.

Mr. McDermott, thank you for being here.

STATEMENT OF THE HONORABLE JIM McDERMOTT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

*Mr. McDermott. Mr. Chairman, thank you for holding this hearing.

We all know that reversing global warming poses one of the most significant challenges of the 21st century. Responding inadequately to this challenge is not a legacy I want to leave to my grandchildren or any others. And we also know that there is no magic bullet.

The task before us really is not easy, but it can be done. But we have got to be honest and pragmatic and realistic. We are the number one emitter of carbon into the atmosphere, and so we should be the acknowledged leader in reversing global warming. We can make this effort one of the defining moments in the history of our nation.

It is going to take a combination of innovation, federal support, lifestyle adjustment, and multilateral diplomacy to make a real difference. And we have to start now in order to stave off the potentially disastrous repercussions that global warming will mean for America and the world. In the U.S., the single largest source of the carbon we emit into the atmosphere -- about 40 percent -- comes from power plants fired by coal, oil, and gas.

In my view, there are two very obvious ways we can be combating this problem, one of which is frequently acknowledged and one of which is all too often overlooked. The first thing we must do is develop a national policy to generate power from clean and renewable sources. Wind, solar, hydro, biomass, and geothermal sources can supply power to the nation's electrical grid while emitting dramatically less carbon into the atmosphere.

To that end, I am pleased to hear so much discussion about passing long-term extensions, and I emphasize long-term, of the Production Tax Credit to provide clear market signals for private investors in renewable energy production. And we need to expand and improve the current federal incentives for public power utilities to generate clean energy. We have not paid attention to the public sector in the past very much.

The Clean Renewable Energy Bond program needs to be revamped so that large public power projects can be financed and brought online by public power utilities that now serve over 44 million Americans, or about 15 percent of the population.

Federal incentives for both public and private utilities are crucial to making clean energy an affordable and cost-competitive alternative. Providing private and public utilities the tools and mandate to develop clean and renewable energy is a major step in the right direction.

But let me advocate on behalf of an effective policy that is overlooked all too often: that is energy efficiency. Every kilowatt we save through improvements in energy efficiency is one that doesn't have to be produced. We can reduce carbon emission and save money at the same time. It makes perfect sense, but today we are inadvertently rewarding the wrong approach.

Under the current tax code, we allow businesses to deduct their energy costs from their taxable income. In other words, when a business's activities are energy inefficient, they receive a larger federal tax subsidy. We need to change that course.

We can quickly reduce carbon emissions and put downward pressure on electricity and natural gas prices

with a federal policy that promotes and rewards energy efficiency. This approach is comparatively inexpensive to implement, and would provide a bigger bang for the buck than any other federal incentive. The Energy Policy Act of 2005 included some important, temporary energy efficiency provisions, but there is much more that we can do.

Mr. Weller and I introduced legislation to expand and extend the current federal tax credits and deductions for residential and commercial properties that meet targeted energy savings goals. Importantly, our bill creates a new sliding scale for the credits, basing the credit awarded on the level of energy savings.

This should create additional market incentives for cheaper, more efficient technologies for consumers to use. And because these technologies are typically developed in America, as the rest of the world responds to the global climate change, American technology and products will have application and appeal worldwide.

I believe that our bill, at a relatively minimum cost, can dramatically reduce carbon emissions by comprehensively reducing the demand for power to our nation's homes and commercial buildings, which account for approximately 70 percent of the electrical load produced by power plants in this country.

In conclusion, the tax code is one of the most effective tools we have at our disposal in this effort. With it, this Committee can send a clear signal to the marketplace to promote renewable energy generation. At the same time, the Committee should promote energy efficiency.

The last time we had these green amendments before us, we put them on for a couple of years, like wind and solar and so forth, and then they went away. We were leading the world in wind energy development. Today, every generator in the world is made in Denmark because we stopped giving that support to this technology.

So it is within our power to combat global warming. The question is, will we have the political will to use it and the courage to stick with it? For the sake of all of us, including our grandchildren, I hope the answer is yes.

Thank you.

[The statement of [Mr. McDermott](#) follows:]

*Chairman Neal. We thank the gentleman for his very instructive testimony.

And the chair will now recognize a member of the Subcommittee, Mr. Doggett.

*Mr. Doggett. Thank you, Mr. Chairman and Members.

I would formally bring to the Subcommittee's attention H.R. 1331, the Plug-in Hybrid Electric Vehicles Tax Credit Act, which is cosponsored by almost a hundred of our colleagues, Democrats and Republicans, including a number of Members of this Subcommittee.

This bipartisan bill that I have authored will help build a market for an important new emerging technology, plug-in hybrid electric vehicles. All of you are familiar with hybrids, but today the only plug-in hybrids exist as prototypes.

Some of you may have had an opportunity to take a ride in one of the plug-in prototypes that were here

on Capitol Hill recently. It is the battery and the convenient method of recharging it that distinguishes plug-in hybrids from the more traditional variety.

This battery offers enough energy on board to power the vehicle for at least 40 miles solely on stored power. Considering that half the cars in America each day travel 25 miles a day or less, a plug-in with this range could eliminate gasoline use in the daily commute of millions of our neighbors.

The cost of an electric gallon of gas is estimated to be less than a dollar a gallon. By implementing this consumer tax credit, we will support plug-in vehicle technology that can achieve the equivalent of 150 miles per gallon of gasoline. These normally emission-free vehicles also contain a small combustion engine for longer trips. H.R. 1331 also includes an incentive for combining this battery power with existing flex fuel technology.

Plug-in hybrids are an important part of our national effort to combat global warming. The Environmental Protection Agency just within the past month estimated that a nationwide switch to electric-based fuel would decrease greenhouse gas emissions by 47 percent.

This confirms the position taken by the American Public Power Association, the Electric Power Research Institute, the Energy and Environment Study Institute, and the Alliance to Save Energy, along with many others.

The Wall Street Journal recently did a front-page article that I would ask unanimous consent to make a part of our record.

*Chairman Neal. Without objection.

*Mr. Doggett. And it directs or focuses its attention on the role that Austin Energy and the National Plug-in Partners Campaign have spirited on this issue. Plug-in Partners represent a network of many cities, states, public power utilities, investor-owned utilities, individual businesses, and environmental groups across America that are promoting plug-in electric vehicles.

I have worked with them since their inception, and this bill is the only one of several plug-in alternatives that Plug-in Partners has endorsed. It is a targeted consumer tax credit linked directly to the purchased vehicle's most important cost element, the battery, and its capacity to perform independent of foreign oil.

While the short-term cost of this credit over the next few years is zero since these are not in production, and joint tax has scored the bill already at a five-year cost of only \$155 million, there is no doubt that it will cost more than that as these come on line.

To ensure that the long-term cost is manageable, the bill establishes a per-manufacturer limitation on the number of vehicles covered similar to that that we did for hybrid, but separate from the hybrid tax cap. The per-manufacturer limitation used for hybrids has already proven to be effective as an affordable incentive.

This is a next generation of hybrids, and I believe that decisive action on this technology in making it widely accessible to consumers will help us move from the fossilized ideas of our energy past to the renewable promise of our energy future.

Thank you.

[[The Wall Street Journal](#) article follows:]

*Chairman Neal. I thank the gentleman for his testimony.

Dr. Weldon.

STATEMENT OF THE HONORABLE DAVE WELDON, M.D., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

*Dr. Weldon. Thank you, Mr. Chairman, and I have submitted my testimony in writing. So I will very briefly summarize.

I have introduced legislation, H.R. 3319, the Short Sea Shipping Act, again in this Congress, which would modify the tonnage fee that is applied to the harbor maintenance tax. What this bill does in essence is to try to promote moving goods by barge or ship along our coasts and our rivers rather than the current paradigm, which is big freighters come in and everything goes off in trucks.

The goal here is to get more of our freight moving by our waterways as opposed to by trucks. Our highways are overloaded. It is very costly to expand our highways. And the important thing, and the relevance to your Committee and this hearing, and I commend you for conducting this hearing, is it is green.

The Europeans are ahead of us on this issue. They are moving towards a blue water highway kind of system in Europe, moving goods more around by canal and rivers. And of course, we have our oceans that we can use. They studied this issue, and they said you save a third in their research on the fuel consumption per ton moving freight from point A to point B.

I will point out that your Ranking Member was on this bill last year, along with some of the people sitting here with me. And additionally, I will point out to you this is a bipartisan issue. Representative Tubbs-Jones and Representative Cummings have introduced very similar pieces of legislation that deal with the Great Lakes.

This is a win/win all around, Mr. Chairman, and I would highly encourage you to seriously take a look at it. I know your Ranking Member is on this issue. It is something I think Republicans and Democrats can both embrace, good for the environment, good for our roads and highways, and it allows our economy to keep churning.

And I yield back. Thank you very much.

[The statement of Dr. Weldon follows:]

[Not available at the time of printing]

*Chairman Neal. Thank you. I believe Mr. Abercrombie has spoken to me as well about this issue, Doctor.

The chair would recognize the gentleman from North Dakota, Mr. Pomeroy.

STATEMENT OF THE HONORABLE EARL POMEROY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH DAKOTA

*Mr. Pomeroy. I thank the chair. And I also have written testimony submitted. I will try and abridge as quickly as I can, recognizing the disruption to this Committee caused by the earlier evacuation

of the building.

I want to talk about the wind production tax credit, clean renewable energy bonds, and the tax support for ethanol and biodiesel. ♦ All of these are important components of expanding our renewable energy usage in this country.

First, production tax credit for wind: ♦ Congressman McDermott is exactly correct when he talks about the disruption caused by this production tax credit expiring, as it has on three occasions since 1999. ♦ I will tell you, those Congresses were absolutely guilty of malfeasance when it comes to this one because it had no serious detractors as a component of energy policy. ♦ It just got put in the extenders and allowed to expire.

In 2005 and 2006, more than 2400 megawatts of wind were being installed each year, yet in 2004, when the tax had expired for ten months, 389 megawatts were developed. ♦ A facility in North Dakota that now has 800 employees producing blades for these turbines was down to fewer than 25 employees at the end of 2003. ♦ That is just a very real indication of the utter disruption to this industry of having that credit lapse.

Congressman Ramstad and I have introduced a bill that would extend that production tax credit for five years. ♦ I believe that is precisely what is needed to maximize the potential of wind.

I was fascinated, Mr. Chairman, at the excellent hearing you had last week to have the proponent of the wind energy indicate that potentially 20 percent of the nation's energy needs could be ultimately met if we really get at it in a serious way. ♦ It is going to take an extended production tax credit to do it.

Clean renewable energy bonds: ♦ Again, Congressman McDermott is precisely correct when he talks about how we need to get municipal power systems and rural electric coops fully engaged in the business of moving toward renewable energy sources. ♦ The way we try and incentivize activity is through the tax code, but each of these entities, public power and coops, are not taxed.

We have in the past floated, although it was not met with the approval of the prior chair, a notion of tradable tax credits so that a nontaxed entity could get the value of a tax credit and trade it to somebody who could then pay them for it.

That didn't go. ♦ So we developed this Clean Renewable Energy Bond mechanism whereby the ultimate bondholder -- the bonds are sold. ♦ The ultimate bondholder, who is a taxed entity, gets the value of the tax incentive and the coop or public power system gets essentially the value of interest-free money.

The benefit of this is very real, and the first year's results surprised everyone. ♦ \$800 million of Clean Renewable Energy Bonds were made available. ♦ It was estimated that that amount wouldn't go for two years, take care of two years' worth of need. ♦ It was over-subscribed the first year, and in fact, the waiting list was 176 projects that didn't get any funding at all. ♦ Projects were allocated on a small to large basis, which meant some of the largest, most significant projects didn't get a dime on this one.

So we are seeking a billion dollars in each of the next two years in Clean Renewable Energy Bonds to provide meaningful incentives to the 25 percent of our nation's power system that comes from nontaxed entities, public power and rural electric coops.

Finally, Mr. Chairman, the biodiesel tax credit expires in 2008. ♦ Ethanol expires in 2010. ♦ We believe each of these should be made permanent. ♦ The biodiesel tax credit, for an example, has generated very

substantial production enhancement. In 2000, about 25 million gallons produced; in 2004, when the tax credit came on line, 250 million gallons.

The ethanol story is unfolding even as we speak. We are going to blow past the goals of the Energy Policy Act of 2005. That is a good thing. But undergirding it all is this tax credit that needs to continue, and those contemplating massive investments in new renewable energy plants, ethanol and biodiesel, need to know that that credit is going to be there to support them.

Thank you, Mr. Chairman, for your consideration.

[The statement of [Mr. Pomeroy](#) follows:]

*Chairman Neal. Thank you, Mr. Pomeroy.

The gentleman from Oregon, Mr. Blumenauer, is recognized.

STATEMENT OF THE HONORABLE EARL BLUMENAUER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

*Mr. Blumenauer. Thank you, Mr. Chairman. I appreciate the work that you have done focusing on areas of climate change and energy independence, issues that must be very closely linked.

The importance of addressing the two issues simultaneously cannot be overestimated. Energy independence alone could drive us into a polluted, coal-dependent future. Tackling climate change without looking at how we produce and use energy is pointless. Fortunately, progress on these two challenges presents an opportunity to revitalize economies based on a clean, renewable energy and improve the quality of life.

Unfortunately, the current tax policy takes us in precisely the wrong direction. The current tax code values wasteful and dirty energy generation by five to one, perhaps more, over clean, renewable technology. Under the current tax code, the oil industry receives over \$5 billion each year to engage in policies that lead us further away from a sustainable future.

Before I get to some specific ideas, I would like to lay out a series of principles that I hope we can work on with this Subcommittee to guide actions in the future, to serve as a screen to make sure that all our work takes us in the right direction on carbon.

First, I hope that we make a commitment to reducing greenhouse gas emissions to make the tax code carbon neutral at the least, and make sure any changes result in reducing carbon emissions.

Second, I think we ought to level the playing field for energy sources as much as possible. Where there is favoritism in terms of the tax code or other incentives, it ought to be directed towards emerging sustainable technologies.

We must make sure that all subsidies are cost-effective, sustainable, and consider the net environmental impacts of each.

I join with my colleagues in urging that adequate time and certainty be provided for tax benefits under the code. We ought to promote cost-effective conservation and efficiency first. I couldn't agree more with my colleague from the Northwest, Mr. McDermott. Since 1980, our region has saved the equivalent of eight large coal plants directly through a regional strategy of conservation.

We want to promote the most appropriate and efficient use of energy sources such as the direct use of natural gas instead of using it to produce electricity. It has been likened by a friend of mine that using natural gas to produce electricity is like using fine Scotch to wash your dishes. We have homes all across America with both gas and electric service that have electric hot water heaters. We ought to be thinking about ways to fix that.

We ought to ensure that the Federal Government leads by example, that as the largest landlord, landowner, and employer, we set the standard; and finally, working on this Committee to make sure that United States trade policy promotes carbon reduction and energy efficiency.

I would hope that we start with your work by commissioning a carbon audit of the tax code. I am currently drafting legislation to have the National Academy of Sciences convene a panel of experts to look at the code and identify activities that impact our carbon emission. I strongly support the references that have been made here to the production tax credit. I am pleased to cosponsor that legislation, and certainly would support a longer-term extension.

Two ideas that I hope the Subcommittee will consider, either independently as legislation that has been introduced or that could be wrapped into larger legislation: One is House Resolution 1772, with Representative Cole and I, the Rural Wind Energy Act to produce an investment tax credit of \$1500 per half kilowatt of capacity for small wind systems.

I also have another piece of legislation that I hope you will look favorably upon to reward people who burn calories instead of gasoline. It is the Bike Commuter Act. Right now we provide substantial free parking to commuters, tax-free. We provide less support for commuters who use transit systems. We use zero support for people who don't commit an assault on the environment in terms of emission, congestion.

It is a relatively minor bill, but it would have a profound effect for millions of potential bike commuters. The typical commuter averages five miles, half of them five miles or less. A bike could make a difference. I wanted to put that on the table before I concluded my testimony.

Thank you very much.

[The statement of [Mr. Blumenauer](#) follows:]

*Chairman Neal. We thank the gentleman. We always appreciate your vision on these energy issues.

The gentlelady from Nevada, Ms. Berkley, is recognized.

STATEMENT OF THE HONORABLE SHELLEY BERKLEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

*Ms. Berkley. Thank you, Mr. Chairman. And I can't thank you enough for holding this hearing.

I am here today to talk about a bill I have introduced, H.R. 1133, the Freedom through Renewable Energy Expansion Act, the FREE Act. I first introduced the FREE Act in the 109th Congress because it became clear to me that this nation cannot continue to depend on foreign countries for our energy needs. It is a matter of national security to become energy independent, and we can do this by turning to our own vast resources for alternative energy.

The nation's tax policy should be an integral part of the congressional effort to free the nation from polluting sources of energy. ♦ The FREE Act addresses this issue in two ways. ♦ First, it repeals tax breaks and other subsidies to oil, gas, and nuclear industries. ♦ Not only are these industries reaping record profits, but the energy they produce and the waste that results from it is harmful to the environment and exacerbates the problem of global warming. ♦ Repealing giveaways to these industries will free up some of the finances needed to achieve energy independence.

Earlier this year, the House set aside \$14 billion for the promotion of alternative energy when we passed the Clean Energy Act. ♦ By repealing additional subsidies that are unnecessary and wasteful, the FREE Act would cut federal spending by nearly \$13 billion. ♦ Of this total cost savings, over \$6 billion would come from repealed tax subsidies.

The FREE Act's second approach to securing independence is by changing the energy we use and how we use it. ♦ The FREE Act promotes the production and use of renewable energy, funds renewable energy research, and requires energy efficiency.

Today I will highlight the use of tax credits to promote the production of renewable energy because it is under the jurisdiction of this Subcommittee.

Various energy tax credits are currently available to the business and residential sectors, several of which Congress extended in the Energy Policy Act of 2005. ♦ However, these are about to expire, and without a long-term extension, the renewable energy will not be able to deliver the clean energy our nation needs.

The production tax credit is currently available to facilities that produce alternative forms of power. ♦ This credit is set to expire at the end of 2008, and the FREE Act would extend it until January 1, 2016. ♦ The commercial investment tax credit is currently available to businesses investing in solar, fuel cell, and geothermal properties. ♦ The FREE Act would extend this credit until January 1, 2016, and would modify the geothermal ITC to match the solar ITC, which receives a higher credit level.

We must also provide incentives to homeowners to promote renewable energy consumption to all sectors. ♦ The ITC for residential energy-efficient properties that use solar and fuel cell equipment currently expires on December 31, 2008, but the FREE Act would extend it another seven years until 2015.

Finally, the FREE Act would create a new small wind ITC that covers small wind systems used to power homes, farms, and small businesses.

The FREE Act would provide long-term extension of these tax credits because it has become clear that short-term extensions will not provide a sufficient incentive. ♦ Southern Nevada, the community that I represent, has some of the best solar resources in the entire world, offering between 7,000 and 7500 watt hours per square meter -- but the construction of large-scale solar power plants takes five to seven years from planning to startup.

Nevada Solar One, a 450-acre concentrating solar power facility just outside Las Vegas, will provide 64 megawatts of solar power when it comes online this spring. ♦ It took six and a half years to build from planning to startup, and it is the only facility of its kind in the United States created in the last 15 years.

If Congress does not pass a long-term extension of this credit, projects such as this with long construction periods will never be financially viable. ♦ A short-term extension of this credit will not offer enough incentives.

The same is true for the effectiveness of the PTC as an incentive for geothermal energy production. ♦ Geothermal plants have a construction lead time of three years or more, which means that some of the largest new geothermal facilities may not go forward because they will not be able to meet the deadline for the PTC.

Oftentimes, investors are scared away from a geothermal project because they are afraid they will not be able to place the facility in service in time to receive the credit. ♦ Geothermal is an untapped energy resource that is abundant in the state of Nevada and has enormous potential for energy production across the Western states. ♦ It would be inexcusable for Congress to let this clean energy resource go unused.

In conclusion, while this Committee will deal with using tax credits to promote renewable energy production, there are other ways for the Federal Government to pave the way towards energy independence, and the FREE Act would help in those areas.

I won't go into them now because I see that my time is up. ♦ I will submit my entire statement for the record. ♦ I am delighted that we are doing this, Mr. Chairman. ♦ When I was in law school, standing in those long lines in the 1970s to gas up on an odd day or an even day depending on my license plate, if you would have told me that 30 years later I would be sitting in Congress and this nation has done little or nothing to make a difference and change the way we do business in this country, I would have told you you were out of your mind.

But I am here in Congress now. ♦ I think we all understand the urgency. ♦ And I am looking forward to working with all of you to make a difference for future generations of Americans.

[The statement of [Ms. Berkley](#) follows:]

*Chairman Neal. ♦ We thank the gentlelady.

The gentleman from California, Mr. Nunes, is recognized.

STATEMENT OF THE HONORABLE DEVIN NUNES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

*Mr. Nunes. ♦ Thank you, Mr. Chairman and Ranking Member English. ♦ I appreciate the opportunity to testify today on our nation's energy future. ♦ While gas prices have fallen over the winter, they are back on the rise just in time for the summer driving season. ♦ All we need is a hiccup in the supply chain of crude oil and the prices at the pump can quickly return to the historic levels we saw last year, or even higher.

We have heard over and over again that we import 65 percent of our petroleum needs and that number is expected to rise. ♦ The situation has stifled economic development, put our nation's security at risk, and placed an unnecessary burden on the family budget.

We need to come to grips with the onerous policies of the past that are strangling us now. ♦ What we need is a comprehensive market-based strategy that will reduce our dependence on foreign sources of oil while bridging the gap to the next generation of energy.

For these reasons, I and a number of my colleagues from both sides of the aisle introduced the American-Made Energy Freedom Act last Congress. ♦ This bill would provide short-term relief while funding a long-term solution for energy freedom.

I am certainly flattered that H.R. 6, which was brought to the floor under the 100-hour agenda, included my idea of a secure trust fund to pay for the next generation of energy. However, I am concerned with the approach taken in the bill. Instead of taxing energy companies, which will be inevitably passed on to consumers, I believe we should provide incentives for them to pay for the development of renewable and alternative energy.

This could be accomplished by opening ANWR and investing the federal share of the lease and royalty revenue into a trust fund. This fund would be used to pay for numerous renewable, alternative and advanced energy programs.

Within the first two years of enactment, this legislation would provide an infusion of investment into numerous renewable and alternative energy programs, including the next generation of ethanol, coal to liquid technology, solar and fuel cell technology, and biofuel energy production.

With that said, I am currently working on a new and improved version of my legislation. The general concept in the bill will remain the same, but I am expanding it into other areas of renewable energy production and conservation that have shown promising results. I expect that I will re-introduce some time this coming month.

Certainly there are no quick fixes to our energy challenges. However, a few things are clear. We must recognize the possibility of global shortages and disruptions as demand continues to grow. We are in the midst of a Global War on Terror, fighting radicals whose stated objective is to destroy Western civilization.

At the same time, we rely on certified state sponsors of terrorism for our petroleum needs. Therefore, we must contemplate the real possibility that oil will be used as an economic weapon. Consequently, in my view, it is irresponsible for the United States to buy oil from fanatical regimes that are determined to destroy our way of life.

It is time for energy freedom. It is time for energy security. And it is time for action on an American-made solution.

Thank you, Mr. Chairman, and I yield back.

[The statement of [Mr. Nunes](#) follows:]

*Chairman Neal. We thank the gentleman.

The gentleman from Louisiana, Mr. Jefferson, is recognized.

STATEMENT OF THE HONORABLE WILLIAM J. JEFFERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

*Mr. Jefferson. Thank you, Mr. Chairman. It is a pleasure to be here with you and the Subcommittee, and to hear the remarkable expressions I have heard of so many Members today who talk about forward-looking proposals for energy independence.

I have two proposals that would set a good example of collaboration between the oil and gas industries, alternative energy, agricultural industries, and finally, environmental groups.

The first would be the Biomethane Tax Credit, which would ultimately provide federal incentives for the

production of biomethane from landfills, animal waste, sewage, biomass, and other renewable resources.

Due to its environmental advantages, the demand for natural gas will continue to grow in the United States.❖ Biomethane is a pipeline-quality natural gas substitute produced by purifying biogas.❖ This biogas is a mixture of methane and other gases produced from the decomposition of organic materials, produced naturally in landfills, animal waste, sewage, and crop waste.❖ It would definitely be a wise alternative to capture the biogas from these renewable waste sources, convert them, and use the biomethane for transportation or other energy applications.

In 1998, the U.S. Department of Energy completed a study that estimated that worldwide, between 25 and 37 quadrillion BTUs of methane are released each year into the atmosphere due to natural decomposition of organic material.❖ This would be the equivalent of up to 38 percent of all energy used in the country annually.❖ According to this study, the amount of biomethane that can be captured domestically, for example, would be enough to replace 10 billion gallons of gasoline each year.

There are several opportunities and benefits that can be realized from this.❖ The sources of this biomethane would come from landfills, animal waste, and sewage, as I have said, which are largely untapped sources.❖ Landfills generate a substantial amount of biogas through anaerobic degradation of waste.

According to the EPA, there were 380 landfill gas electrification projects in place at the end of 2006.❖ The EPA estimates that there are 600 to 700 additional landfill gas-to-energy projects that could be constructed nationwide.❖ Farmers and other animal facility operators can install systems to convert their waste into usable biomethane, with a valuable sanitary fertilizer as a by-product.

The environmental benefits are immeasurable.❖ This natural gas is one of the cleanest fuels on the market today.❖ Methane leaking from landfills, animal lagoons, and other waste sites pose significant greenhouse gas problems.❖ Just by processing animal waste in lieu of streaming it into animal lagoons significantly reduces groundwater contamination.

Finally, increasing the production of biogas and biomethane would do these things:❖ one, substantially increase the supply of domestically produced, renewable non-fossil fuel energy; second, create jobs at home; third, convert a waste problem for farmers as well as provide them a valuable supplemental revenue source; and fourth, provide a valuable supplemental revenue source to municipalities while reducing the amount of sewage solids that need to be processed.

A tax credit for biomethane fuel produced from waste biogas for a reasonable time would lower the risk often associated with the price of natural gas and encourage the creation of more biomethane production facilities.

Currently there are tax credits available for projects that produce electricity using biogas produced from waste of renewable sources.❖ The Waste to Biomethane Tax Credit of 2007, which I advocate, will provide comparable tax credits for waste-to-biomethane production.❖ By doing so, many of these sites could be economic energy generators.❖ Since virtually every community faces the problem of waste disposal of sewage, solid municipal waste, or animal or crop waste, the environmental and economic impacts of this incentive would be far-reaching.

The second proposal I have is the Waste Vegetable Oils Tax Credit.❖ Used in its pure form in diesel engine vehicles, or blended with petroleum diesel to boost vehicle performance, biodiesel has significantly lower emissions than petroleum-based diesel when burned.❖ According to a 1998 report by

the U.S. National Renewable Energy Laboratory, it results in carbon monoxide reductions of approximately 50 percent over regular diesel, and carbon dioxide reductions of 78 percent.

China actually serves as a good example of this policy's importance. China's biodiesel production began in 2001. At that time the oil wastes cost \$212 per ton, while the price of petroleum-based diesel was \$350 per ton. With little research or information available, a group began to design rudimentary equipment and experimented with fuel production. Since that time, the government there has stepped in and helped to expand them and boost their biodiesel industry.

Market incentives and government support have enabled biodiesel production projects to expand nationwide since 2005. China now boasts more than 100 biodiesel production facilities. China generates more than 4.5 million tons of used oil and grease each year, roughly half of which could be collected through the establishment of an integrated collection and recycling system.

As of 2000, the United States was producing in excess of 3 billion gallons of waste vegetable oil annually, mainly from industrial deep fryers in potato processing plants, snack food factories, and fast food restaurants. Waste vegetable oil has a stable market value of approximately 40 cents per gallon as of 2003, which is enough to make collection economically viable.

The restaurant industry in Louisiana is one of the largest business organizations in the state, representing more than 7,000 establishments and related businesses, and is also one of the state's largest private employers, with more than 132,000 employed directly and another 55,000 indirectly employed. The bill will amend the Internal Revenue Code of 1986 to allow the small agri-biodiesel credit for biodiesel to extend to biodiesel produced from 100 percent waste vegetable oil products. The tax credit would give birth to a new lucrative industry such as an integrated collection and recycling of used oil to produce biodiesel.

I thank the Committee for listening to what I have had to say here. I would like to thank you for your attention to this matter and urge the Committee to take these under consideration.

Thank you very much.

[The statement of [Mr. Jefferson](#) follows:]

*Chairman Neal. We thank the gentleman from Louisiana.

*Mr. Jefferson. And tell Mr. Doggett I missed him. I enjoyed his remarks. I wanted to make that remark to him myself.

*Chairman Neal. We will give the panelists the chance to move along if they feel that they have to. And I know we have been joined by two new panelists.

The chair would like to recognize the gentleman from Pennsylvania, Mr. Doyle.

STATEMENT OF THE HONORABLE MIKE DOYLE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

*Mr. Doyle. Thank you, Mr. Chairman. And thank you for holding this hearing today and inviting me to testify.

Today we will hear about the nexus between energy policies and tax incentives. At a local level, this is an important issue for my constituents in Pittsburgh, Pennsylvania; on a broader scale, it is an important issue for the residents of the Commonwealth of Pennsylvania and for our nation.

Energy policy and taxes intersect in many areas, and Congress has often provided tax incentives, such as tax credits, to promote projects that exploit domestic sources of energy. The tax credits are necessary to attract the financing for projects that might not otherwise prove economically viable in the short term.

However, in the long term, these projects often provide significant positive externalities, such as the use of alternative energy sources, environmental benefits, and to reduce reliance on foreign energy sources. For this reason, tax incentives play an important role in the development of energy resources and provide an important public-private partnership for the continued advancement of energy policy.

The key to the nation's long-term energy health is a comprehensive and inclusive national energy policy. Such a policy would include both traditional fossil fuels: coal, oil, and gas. It would also diversify the portfolio of fuels with renewable energy sources such as fuel cells, solar, wind power, and combined heat and power systems, as well as developing new technologies, like the research that is ongoing to extract gas from methane hydrates.

One type of fuel source combines both the traditional fossil fuel, coal, with a substance that would otherwise be a hazardous waste to create a fuel product that is used in coke batteries as a feedstock for the production of coke. This type of fuel is known as refined coal from a qualified coal waste sludge recycling process, and last week I introduced a bill, H.R. 1976, that would expand the existing Section 45 refined coal credit to include a tax incentive for the production of this fuel.

I would also like to recognize my distinguished colleague from Pennsylvania and the Ranking Member of the Select Revenue Measures Subcommittee, Congressman Phil English, who joined me as an original cosponsor of this important legislation.

I believe that refined coal from a qualified coal waste sludge recycling process provides significant energy and environmental benefits because the process recaptures the BTU content of coal waste sludge and has the associated environmental benefits of disposing of the coal waste sludge in a manner that is approved by the Environmental Protection Agency.

This is exactly the type of alternative energy technology that Congress has desired to encourage in the past, and the provision of a tax incentive for the production of refined coal from a qualified coal waste sludge recycling process significantly furthers sound energy, environmental, and economic policies.

The qualified coal waste sludge recycling process combines coal and coal waste sludge to create a solid fuel product that is used by the domestic steel industry as a feedstock for the manufacture of coke. Coal waste sludge is the tar decanter sludge and other by-products of the coking process, including such materials that have been stored in ground, in tanks, and in lagoons that have been generally treated as hazardous waste under applicable federal environmental rules.

Presently, there are three primary methods for the disposal of coal waste sludge: No. 1, manufacture of refined coal from a qualified coal waste sludge recycling process; No. 2, transportation to incinerators; or No. 3, transportation to foreign landfills.

The most favorable method, from an energy and environmental perspective, is to use a process that processes liquefied coal waste sludge with coal into a refined coal fuel product for use in steel producers' coke batteries. This method recaptures the significant energy content of the coal waste sludge and can

be performed on the site of the steel producers' coke operations. ♦ The disposal of coal waste sludge in this manner has been approved by the EPA.

The alternative methods of disposal are to transport the coal waste sludge offsite for incineration, or to foreign countries for landfilling. ♦ The alternative methods have significant drawbacks, including the need to physically convey a hazardous waste -- which is a dangerous, cumbersome, and expensive undertaking -- and the failure to recapture the energy content of the coal waste sludge if it is incinerated or landfilled rather than combined with coal to create a coke feedstock.

It is important to note that the production of domestic steel would greatly benefit from Section 45 tax credit for qualified coal waste sludge recycling. ♦ Steel companies can directly or indirectly share in the benefits of the tax credit, and this results in cheaper coke, which can result in steel companies being more competitive against coke imported from foreign countries like China.

In the past, cheap Chinese coke has flooded the domestic market. ♦ Such competition has drastic implications because once a coke battery shuts down, it is no longer able to function to produce coke and new coke batteries must be built to fill that void that is left behind. ♦ The potential for cheap coal through unfair foreign competition is a threat to our domestic energy security. ♦ The availability of the credit has a secondary benefit of mitigating this threat.

Finally, Mr. Chairman, H.R. 1976 would amend Section 45 to provide that refined coal from a qualified coal waste sludge recycling process is eligible for a credit. ♦ The amount of the credit would be set at an inflation-adjusted \$3 per barrel of oil equivalent for refined coal from a qualified coal waste sludge recycling process produced and sold to an unrelated party.

That credit would be in place for four years to allow for a sufficient period to encourage coke batteries to adopt the coal waste sludge recycling process. ♦ This incentive is an important component to the development of a national energy policy that includes a diverse portfolio of energy resources.

These incentives can be used effectively to promote the development of projects that would not otherwise go forward, notwithstanding their positive energy and environmental benefits. ♦ Such incentives have seen success in areas like landfill gas and other alternative fuels. ♦ My legislation, H.R. 1976, to amend Section 45 to include refined coal, is part of an effort to follow the past successes with tax incentives that will have similar results.

I encourage the Committee to include H.R. 1976 in the upcoming effort to stimulate energy innovation through the tax code, and look forward to working with you, Mr. Chairman, and the Members of the Committee to make our shared vision of a national energy policy a reality. ♦ And I thank you for your time.

[The statement of [Mr. Doyle](#) follows:]

*Mr. Larson. [Presiding] We thank the gentleman from Pennsylvania for his succinct and insightful testimony. ♦ We know him to be a champion of energy conservation, and we are pleased to take his testimony before the Committee.

The chair now recognizes the distinguished gentleman from Minnesota and chairman of the agriculture Committee, Mr. Peterson.

STATEMENT OF THE HONORABLE COLLIN C. PETERSON, A REPRESENTATIVE IN

CONGRESS FROM THE STATE OF MINNESOTA

*Mr. Peterson. Thank you, Mr. Chairman, and I will try to be brief. You have my written testimony. I just want to hit on a couple points.

We have been working in the Ag Committee on feedstock issues for the new cellulosic ethanol and biodiesel industry. But in my district, we have a big wind energy industry that has developed. And I have introduced a bill before, and have been working on this for a number of years.

For whatever reason, when the electricity credit for these windmills was put in, it was done differently than was done for the low-income housing tax credit program. When we set that program up back in 1986, I think there was a provision in there that allowed you to use as much as \$25,000 of your earned income, where you could offset the credit against that earned income. When we set up the Section 45 credits, we didn't allow that, so that you have to either have corporate income or passive income in order for you to utilize these credits.

And I don't know why it was done differently, when you have the same kind of basic issue. And so what has happened is the big utilities from outside of the state of Minnesota own all of these windmills in Minnesota. They are the ones that put them up, that got the tax credits and so forth.

So what we are proposing is that my bill would have adopted the same basic formula that we have in the low-income tax credit area, which would allow ten farmers to go together and put up one of these wind generators and be able to use the credits against their Schedule F income or earned income. And it gives them an opportunity to be part of the ownership of this.

There is a lot of interest out there in doing this. But they are precluded by the tax law. And I don't think this would cost any money because all it does is change who gets the credits. Instead of a big power company getting it or a big corporation getting this and using it against their corporate income, ten farmers could go together and use it. It is the same amount of tax credit. The only thing it changes is who it goes to.

The more we look at this, I don't know why we have these earned income limitations on there in the first place. We have got some questions on the amount of the credit. We are working on legislation now with Congressman Walz, who also has a lot of these windmills in his district, and Congresswoman Herseth in South Dakota, where we may actually come in with some additional requests over and above what we initially put together in the last session to try to make this work.

The long and the short of it is farmers are getting 2- to \$3,000 per wind generator rent on their farmland, and these corporations that are buying the tax credits after 10, or 15 years are making \$100,000 a year. And we created this market in Minnesota by requiring that 10 percent of the renewable energy be wind energy. So we created this market, and we are letting out-of-state corporations benefit from it. It doesn't make a lot of sense. I would encourage you to look at this issue.

In addition to that, there is one other thing I wanted to put on the table. I haven't introduced a bill on this, but we have been working on these feedstocks for the next generation ethanol plants and cellulosic ethanol. And initially, these plants are going to use agricultural waste. They are going to be using wheat straw, rice straw, and so forth. But eventually, we want to use switch grass and wood and those kinds of things in the future.

But the more I look at this, I think as we develop this industry there is going to be an intermediate step

where we are going to be looking at making some use of the next generation of feed stocks, either pelletizing the switch grass or maybe gasifying it. And there is nothing in the tax code to encourage us to be able to put those plants in, to get us so we can actually get the feedstock established, and have a place to use it, as we build these ethanol plants, which are going to take five or six years.

So we are going to be putting something together in this area to try to fill that gap so that we can help build this industry as quickly as we can. And I haven't got that bill ready yet, but when I do get it introduced, I would appreciate it if you would look at it.

So I thank the Committee listening to me, and hope that you can do something to help us as you move through this process.

[The statement of [Mr. Peterson](#) follows:]

*Mr. Larson. Thank you. Thank you, Mr. Chairman, and thank you for your testimony. And the Committee is honored to receive it.

The chair now recognizes the distinguished member of the Rules Committee from Massachusetts, Mr. McGovern.

STATEMENT OF THE HONORABLE JAMES P. McGOVERN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

*Mr. McGovern. Thank you, Mr. Chairman. And I want to thank you and Members of the Committee for giving me this opportunity to testify before you today.

I am here to discuss legislation I introduced, H.R. 1475, the Commuter Benefits Equity Act of 2007. H.R. 1475 seeks to amend the Internal Revenue Code of 1986 to increase and equalize the exclusion from gross income for parking and transportation fringe benefits and to provide for a common cost of living adjustment, and for other purposes.

Transit benefits are authorized by Section 132(f) of the Internal Revenue Code, which allows for pretax salary deductions for transit and parking or employer-subsidized transit or parking. The current tax-free limit for transit is \$110 per month, and the limit for parking is \$215 per month. H.R. 1475 would create parity between the transit and parking portions at \$200. To offset the cost of creating parity, the tax-free limit of \$215 per month for parking would be reduced to \$200, and the cost of living adjustment included in Section 132(f) would be frozen in order to pay for the increase in the transit portion.

Mr. Chairman, the transit benefit inequity has created a financial incentive for commuters to drive to work by themselves rather than utilize a form of public transportation or vanpool. In our efforts to reduce traffic congestion and end our fossil fuel dependencies, we simply cannot afford to promote tax policies that do more harm than good to the environment.

As the Committee searches for ways to promote energy conservation, the role of public transportation cannot be ignored. Public transportation eases congestion by keeping cars off the road. It improves air quality by reducing automobile emissions, and perhaps most importantly, it reduces our dependency on foreign oil.

Currently, public transportation reduces gasoline consumption in the United States by 1.4 billion gallons per year. Now, if we equalize the transit benefit with the parking benefit, the amount of savings will

increase and our dependency on gasoline will be reduced. By leveling the playing field between the transit and parking portions, we can fix the current policy which discourages public transit use and encourages gasoline consumption.

Mr. Chairman, I would also like to note the widespread support for this legislation. The bill currently has 50 cosponsors from every state and region of the country. And I encourage all Members of the Committee to consider supporting my legislation, and I look forward to working with you.

I would like to ask unanimous consent to insert for the record letters of support from the American Public Transportation Association, letters from the Vanpool Services Corporation, and a report by Linda Bailey of INTERFACE International, all in support of what I am trying to do.

*Mr. Larson. Without objection, so ordered.

*Mr. McGovern. I thank the Chairman for listening to me, and Members of the Committee, and I hope that you will support this legislation.

[The statement of [Mr. McGovern](#) and the letters of support follow:]

*Mr. Larson. We thank the gentleman from Massachusetts for his cogent testimony.

Now I will prevail upon the distinguished Member and classmate from the great state of Nebraska, Mr. Terry.

STATEMENT OF THE HONORABLE LEE TERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

*Mr. Terry. I appreciate that. And before I go into my remarks, let me thank this Subcommittee for actually allowing us nonmembers of your prestigious Subcommittee and Committee to come and let you know about some of the ideas that we have to make sure that we become a more energy-independent country.

Together with my good friend and Committee Member and co-founder of the Distributive Power Caucus, Mr. Doyle, sitting next to me, we wrote H.R. 805. And Albert Wynn is also an original cosponsor with us. And it allows for tax credits for both the creation and use of hydrogen fuel cells.

President Bush, in his 2006 State of the Union address, outlined an Advanced Energy Initiative to drastically reduce our dependence on foreign sources of oil. The President set a national goal of 75 percent reduction of oil imports from the Middle East by 2025. I think if we use the ideas that are being brought before you today, especially H.R. 805, we can significantly reduce our dependence on foreign oil a lot sooner than 2025.

We are making tremendous breakthroughs in advanced energy technologies, like the use of hydrogen fuel cells for both vehicles and as a source of electrical production. In my home town, Omaha, several stationary fuel cells are used to power a data center in a large banking facility, First National Bank in downtown Omaha. The Lied Jungle uses fuel cells and co-generation to supply the electricity and humidity for their Lied Jungle. An office area on our Air Force base also uses this power.

Our bill, H.R. 805, is designed to provide tax credits for new technologies like advanced automotive, stationary, and portable fuel cells, as well as refueling infrastructure and hydrogen production. It

would allow a tax credit for devices using hydrogen up to 30 percent of the amount paid by the taxpayer or \$1500, whichever is less. ♦ The credit would be available for amounts paid or incurred for hydrogen fuel devices prior to December 31, 2015.

The bill also extends the existing residential energy efficiency tax credit for fuel cells and micro turbines through December 31, 2013, which this Committee did in the energy package of two years ago. ♦ This has been an important tax benefit that has helped push these technologies into the consumer marketplace.

Testimony before our Committee, we had representatives of the automobile industry who testified -- Energy and Commerce -- it is going to be these breakthroughs in the consumer marketplace that are going to speed up the rollout of hydrogen fuel cells for the automobile industry.

And then finally, Mr. Chairman, this bill also adds the requirement that these secondary uses of fuel or fuel cell power sources be used in public buildings. ♦ So the next building built that is a Federal government building should have this type of technology in it, I would hope, for the base load, then be able to help with peak power as well.

Now, if we do all of these types of things to help the rollout of this technology in the marketplace sooner than later, we will have the technology breakthroughs to make sure that we meet our goals of 75 percent reduction of dependence on foreign oil a lot sooner than 2025.

I appreciate your Committee listening to these type of ideas and initiatives, and I look forward to the bill that you all put together and hope that H.R. 805 can be part of that. ♦ Thank you.

[The statement of [Mr. Terry](#) follows:]

*Mr. Larson. ♦ Thank you, Mr. Terry. ♦ And as a cosponsor of your legislation along with Mr. Doyle, I am proud to receive it on the Committee.

I am going to ask Members if they would care to inquire because I know the distinguished Ranking Member would look to do so. ♦ But we are going to switch panels. ♦ But does the distinguished Ranking Member have any questions he would like to ask the panelists before they --

*Mr. English. ♦ No. ♦ I want to thank Mr. Doyle for bringing to us a very detailed tax policy that I know has been worked through and interacts well with provisions that are already in the code. ♦ I am very grateful for his focus on how to take what is, in effect, sludge that has been declared a hazardous substance and recycle it.

And I particularly want to thank Mr. Terry for thinking through how we can bring into the market aggressively hydrogen as a major energy source, which in my view is potentially one of the most flexible sources of energy. ♦ If we can use incentives to develop the technologies to make that transition, I think you have made a compelling case, sir.

I want to thank both of these witnesses for their presentations.

*Mr. Larson. ♦ Thank you. ♦ And if we could have -- I know that we are joined by Representative Baird and Representative Davis. ♦ And if they could come forward.

Let us begin with the distinguished gentleman and fellow classmate from the state of Washington, Mr. Baird.

STATEMENT OF THE HONORABLE BRIAN BAIRD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

*Mr. Baird. ♦ I thank my good friend and the Committee Members, and thank Ranking Member English, and appreciate very much this time.

Legislation that we are proposing is supported by industry, supported by labor, and would have a very positive impact on energy consumption in this country. ♦ As we all know, our nation faces important energy challenges, and we have to work together to find ways to conserve energy. ♦ That is why I have been pleased to work very closely with my colleague, Ms. Schwartz, on introducing this legislation.

What we are focusing on here is the potential to save energy by making our buildings more efficient. ♦ Buildings use 71 percent of all the electricity used in this country and comprise 80 percent of all electric expenditures in the U.S. ♦ Commercial buildings alone accounted for 35 percent of our entire nation's electricity consumption. ♦ This is not only a drain on our economy, it is a significant environmental impact.

I am pleased to have introduced, therefore, H.R. 539 with my colleague, Congresswoman Schwartz, a member of the Committee. ♦ The intent of this bill, the Buildings for the 21st Century Act, is to encourage energy-efficient, cost-saving commercial properties.

Briefly, what the bill does is extend and improve upon the commercial buildings tax deduction, which was established in the Energy Policy Act of 2005. ♦ There are essentially two significant improvements. ♦ This is a tax deduction for energy-efficient building expenditures made by a building owner.

In the 2005 energy bill, the deduction was limited to \$1.80 per square foot for buildings that reduce their annual energy and power costs by at least 50 percent; and for buildings that do not achieve a 50 percent overall cost savings, there was nevertheless an allowance for partial deductions for reductions in lighting, heating, and cooling energy use.

The provision, however, was set to expire at the end of 2007. ♦ Fortunately, we worked with the Committee to extend the provision till December 31, 2008. While we are pleased for the extension, we believe it is important to extend it to 2013, and the simple reason is there is a long startup time to planning and conducting some of these changes. ♦ And if it expires very quickly, people might say, we don't think we can get in under the wire, and then they will forego the effort, and thereby we forego the savings and don't take advantage of that. ♦ Increasing the level of deduction will be an added incentive for people to engage in these activities.

Again, I would note we have 136 bipartisan cosponsors. ♦ The bill is supported by a coalition of business, trade, government, and agency groups ranging from the Edison Electric Institute to the Natural Resources Defense Council. ♦ It alone will not solve our energy challenges, but it is an important step.

Again, I am very, very pleased and honored to be able to work with Ms. Schwartz on this. ♦ I thank the Committee for their consideration, and would hope we can include it.

[The statement of [Mr. Baird](#) follows:]

*Mr. Larson. ♦ I thank the gentleman for his succinct testimony, and I am going to yield to the gentlelady from Pennsylvania for a comment. ♦ But I would just say to the panelists that we are pleased

that you are all here. ♦ But we are anticipating having votes in about 20 minutes, so brevity is the soul of wit.

The gentlelady from Pennsylvania.

*Ms. Schwartz. ♦ Thank you, Mr. Chairman. ♦ And I am pleased to just take a couple minutes to thank Mr. Baird for working with me on this legislation. ♦ And I think the fact that we have 136 of our colleagues working with us on this -- and I have certainly heard from many, many different segments, whether they are architects or builders or contractors, that this is really very important for us to do, to be able to really work in a very constructive way, and in this case to reduce our use of electricity.

I think many people -- we often concentrate on other uses, whether they are industrial uses or cars. ♦ The fact that buildings use 80 percent of our electricity, and that commercial buildings alone consume 35 percent of the electricity in this country, if we could reduce that by a few percentage points would be very dramatic in our use.

And as we move towards energy independence -- and this legislation also doesn't pick winners and losers. ♦ I think this is going to be one of the most difficult things for our Committee and the Congress to work on, is to think about new ways and to be able to encourage new sources of energy.

But this is a case that really is going to help reduce use, and that is very exciting. ♦ And at the same time, it is also going to reduce cost. ♦ And if we can help build buildings that are going to last for 75 years, many of them, if we can do that right and help businesses be able to reduce costs, I am really just very excited about doing that. ♦ Thank you for your work that you have done.

*Mr. Larson. ♦ I am sure the gentlelady will submit for the record additional comments as well.

*Ms. Schwartz. ♦ I will.

*Mr. Larson. ♦ And the chair will now recognize the distinguished gentleman from New Jersey, Mr. Ferguson.

*Ms. Schwartz. ♦ And I am going to just ask if I can submit some letters of endorsement.

*Mr. Larson. ♦ Without objection, so ordered.

*Ms. Schwartz. ♦ Thank you very much.

[The statement of [Ms. Schwartz and letters](#) of endorsement follow:]

*Mr. Blumenauer. ♦ Mr. Chairman, just would you entertain 30 seconds from another Member of the Committee?

*Mr. Larson. ♦ How about 20 seconds? ♦ You are so recognized, Mr. Blumenauer.

*Mr. Blumenauer. ♦ I just want to say, the notion of being able to deal with the energy footprint up front in the design function, we are getting there sooner rather than later. ♦ But the legislation that is being discussed here ought to be a part of something that we do because it will pay dividends forever if we can move that up earlier in the process.

By the time the footings are poured, about 80 percent of the energy footprint is established. And so I would like us to probe this to see if there are ways that this could be a part of the comprehensive effort that the Committee does.

*Mr. Larson. As always, the gentleman from Oregon adds insight to our process.

The distinguished gentleman from New Jersey, Mr. Ferguson.

STATEMENT OF THE HONORABLE MIKE FERGUSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

*Mr. Ferguson. Thank you, Chairman Neal and -- I am sorry, Chairman Larson today, and Mr. English, for allowing me the opportunity to testify before the Subcommittee on tax incentives and alternative energy sources. Recent months, renewable energy and energy security have dominated the domestic energy debate. Renewable energy technology holds tremendous potential to make great advancements towards energy security in the 21st century.

In my home state of New Jersey, we have seen what a difference renewable energy can make not only in promoting a clean, healthy environment by reducing greenhouse gases, but also in cutting the cost of energy bills for consumers. In 2001, New Jersey began offering 70 percent rebates on solar power installations for residential homes and businesses. Five years later, New Jersey is the second largest state market for solar power, and 2,000 homes and businesses have taken advantage of the program. There continues to be a long waiting list for that program.

That is why in the 110th Congress I introduced H.R. 1596, the Clean and Green Renewable Energy Tax Credit Act. This legislation builds upon the efforts that I began in the 109th Congress with H.R. 4300. My bill would extend the existing federal tax credits for solar energy until 2016.

Under this legislation, consumers would receive a \$3,000 per kilowatt federal tax credit for any solar energy installation. For example, the typical home roof-mounted system is \$10,000 per kilowatt installed, and the average system is 3 kilowatts, making the total cost to the homeowner \$30,000. Under the legislation, the consumer would receive a federal tax credit of \$9,000 for a \$30,000 system.

The Clean and Green Renewable Energy Tax Credit Act would also extend the tax credits created in the Energy Policy Act of 2005 for insulation, windows, and heating and cooling equipment for two years. Additionally, it extends the production tax credit for wind facilities through 2013, and creates a 30 percent investment tax credit for small wind systems for both businesses and residents.

I am also a cosponsor of H.R. 550, the Securing America's Energy Independence Act. This legislation, led by Representative Camp and Representative McNulty, not only extends the investment tax credit for residential and commercial solar and fuel cell equipment for an additional eight years, but also provides alternative minimum tax relief for fuel cells and solar agency. While the solar tax credits created in the Energy Policy Act are a good first step, this eight-year extension is critical to leave more time for research and development and for the additional time that is required to finance solar and fuel cell projects.

Throughout my terms in Congress, I have been a strong proponent for solar energy. I believe that solar energy holds significant promise in job creation, energy security, reliability, and helping to decrease the number of dangerous emissions being released into our atmosphere. And one must look no further than New Jersey to see how successful these cooperative state and federal tax incentive programs can be.

However, to truly benefit from this energy source, it is our job as lawmakers to make this technology widely available and affordable to both consumers and utilities. While it is of the utmost importance to make this technology an energy option for homeowners, I believe we also must take these initiatives even further and remove the exclusion for utilities in the investment tax credit.

Many energy companies, namely PSEG, a large energy company headquartered in New Jersey, have stated their interest in investing in solar technology. These companies recognize the potential in solar energy, and are taking the lead in environmental responsibility and energy independence.

Again, I would like to thank you for allowing me to testify today. And I urge you to take action to extend and expand these renewable energy tax credits and make this energy more affordable and accessible to consumers. I have seen the success that we have had in New Jersey with these initiatives, and I believe that we can see the same kind of success on a national level.

Thank you, Mr. Chairman.

[The statement of [Mr. Ferguson](#) follows:]

*Mr. Larson. And thank the gentleman from New Jersey for his testimony.

And how I recognize the gentleman from Illinois, Mr. Shimkus.

STATEMENT OF THE HONORABLE JOHN SHIMKUS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

*Mr. Shimkus. Thank you, Mr. Chairman. I will be brief. I will ask that my whole statement be submitted for the record, and just say a couple quick things.

Congress recognized the potential for coal to liquid in the 2005 Highway Reauthorization and Excise Tax Simplification Act. The act provides a 50 cents per gallon tax credit for coal to liquid production through September 2009. But since it takes five to seven years to build a coal-to-liquid facility, and since no facilities are yet being built, the current law credit is having no impact. So my basic legislation is to extend that to 2020.

Other provisions that we hope that you all will consider -- Jeff Davis is going to testify here. This is legislation that I am on with Chairman Rahall and Rick Boucher, which would extend a 20-percent investment tax credit for the construction of coal to liquid fuels production facilities, and alternatively, an election to expense investment in such facilities; and for the global warming crowd, a tax credit to facilitate projects that will capture and second quarter carbon dioxide produced from coal to liquid facilities.

Thank you, Mr. Chairman, and I will yield back.

[The statement of [Mr. Shimkus](#) follows:]

*Mr. Larson. I thank the gentleman from Illinois for his brevity. And of course, as you have indicated, you will submit your testimony for the record and we deeply appreciate that.

And the chair will now recognize the distinguished gentleman from Arizona, Mr. Grijalva.

STATEMENT OF THE HONORABLE RAÚL GRIJALVA, A REPRESENTATIVE IN

CONGRESS FROM THE STATE OF ARIZONA

*Mr. Grijalva. ♦ Thank you, Mr. Chairman, Ranking Member English, and Members of the Subcommittee. ♦ It is a pleasure to be here with you to discuss a piece of legislation that I hope you will agree is an important measure for Indian Country and for the nation at large.

The legislation I am speaking about, my bill, cosponsored by my colleague from Arizona, Congressman Pastor, H.R. 1954, would amend the Internal Revenue Code of 1986 to allow Indian tribal governments who are tax-exempt to transfer their share of the production tax credit to their taxable partners in joint venture renewable energy projects on tribal lands. ♦ This is a relatively small change in the current law, but would be meaningful and important for Native people and their economic development.

Under current law, if a tribal government wishes to enter into a joint venture with an outside partner for a renewable energy project taking place on its land, the tribe cannot take advantage of the production tax credit for renewable resources as a private landowner could because it has no tax liability to offset, nor can it transfer its portion of credit to its taxable partners.

So by way of example, if you have a private business providing 100 percent of financing for a renewable energy joint venture with a tribe, the private business may only receive 50 percent of the tax credit, whereas if that business located its project on private lands, it could take advantage of 100 percent of the tax credit.

This situation puts tribes at a tremendous disadvantage when trying to attract renewable energy projects to their lands. ♦ Let me just emphasize that by excluding tribes from this activity, we are missing out on a huge opportunity to not only facilitate production of many thousands of megawatts of clean power, but we are also losing an opportunity to help improve conditions for tribal peoples who are in dire need of sustainable economic development on their lands.

Tribal lands in the U.S. have a vast potential in renewable energy production. ♦ Wind generation potential on tribal lands could produce a net estimated 14 percent of the total U.S. energy production, while the solar electricity potential is estimated at 4.5 times the annual total electricity needs of the U.S. ♦ Tribal lands also contain significant geothermal resources.

While providing for much-needed economic development in these areas, renewable energy projects would also allow tribes to offer power to their own people. ♦ I should note that in Arizona, the Navajo Nation, for example, 37 percent of the households on that nation do not have electricity.

In addition, many tribes would like to play a role in helping to address the climate crisis. ♦ This would provide outside businesses an incentive to partner with tribes and tap into the vast renewable resources on tribal lands.

To show their commitment to producing renewable energy, tribes are moving forward with small projects, with grants, and funding from carbon offset purchases. ♦ However, these are small-scale demonstration projects. ♦ What tribes need to do now is to be on an even playing field with other private landowners in the development of utility-sized projects that can begin to benefit from the outstanding resources on tribal lands.

My proposal, all it would do is level the playing field for Native people who want clean and sustainable economic development on their lands, by putting them in the same position as any other landowner. ♦ I hope you will join me in looking at this legislation, and hopefully your support.

Thanks for your time, and I will be glad to answer any questions or submit any additional information for the record. ♦ Thank you, Mr. Chairman.

[The statement of [Mr. Grijalva](#) follows:]

*Mr. Larson. ♦ I thank the gentleman from Arizona and his longstanding commitment to Native Americans and to their economic security, which makes the whole nation secure. ♦ And I look forward to following through with you on your legislation.

The chair will now recognize the distinguished gentleman from Kentucky, Mr. Davis.

STATEMENT OF THE HONORABLE GEOFF DAVIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

*Mr. Davis. ♦ Thank you, Mr. Chairman, Ranking Member English, and Members of the Committee. ♦ Thank you for allowing us this time to present ideas on ways to update and improve our existing tax incentives for alternative energy. ♦ I support offering tax incentives to promote the commercial development of technology that increases the availability of alternative fuels. ♦ There are many proposals before the Ways and Means Committee to encourage its development.

What I propose today is not a tax incentive in the traditional sense. ♦ Rather, the tax provision I am here to discuss is a simple method of returning money paid in the form of an unconstitutional tax. ♦ That money should be returned to the taxpayer and could be better used for reinvestment in research and development and the deployment of new technology and the production of cleaning energy.

I am here to discuss H.R. 1762, a bill to facilitate and expedite direct refunds to coal producers and exporters of the coal excise tax, unconstitutionally imposed and collected on coal exported from the United States. ♦ Representative Artur Davis and I introduced this bill in March. ♦ The bill enjoys bipartisan support in both the House and Senate, with the Senate bill being S. 373 introduced by Senators Bunning and Rockefeller.

The bill is necessary to facilitate the refund of an unconstitutional excise tax collected on coal exported from the United States. ♦ The tax should never have been collected in the first place. ♦ This provision will help U.S. coal producers and exporters harmed by the collection of this tax on coal exports to recover the funds paid. ♦ These refunds can be used for reinvestment and research and development on coal to liquids technology, clean coal technology, and coal blending.

This is an issue of equity and fairness. ♦ The Export Clause of the United States Constitution provides that "No Tax of Duty shall be laid on Articles exported from any State." ♦ The Coal Excise Tax was declared unconstitutional as applied to exported coal in a 1998 district court case, Ranger Fuel v. United States. ♦ The U.S. government never appealed the ruling. ♦ The Ranger Fuel case clearly establishes that the money paid in the unconstitutional taxes are due to the taxpayer.

H.R. 1762 addresses problems associated with the two types of refund claims, administrative claims pursuant to the Internal Revenue Code, and Tucker Act claims. ♦ Claims were filed by the industry under both scenarios, and to date, the IRS has refused to refund all the money owed, despite repeated court decisions requiring refund of principal and statutory interest.

Tucker Act claims going back to approximately 1990 are based on a 2000 U.S. Court of Appeals for the Federal Circuit entitled Cyprus Amax Coal v. United States. ♦ In that case, the Court of Appeals held

that producers and the exporters could claim a refund under the Tucker Act.❖ The Tucker Act allows for the recovery of any IRS tax illegally or erroneously collected within a six-year statute of limitations.❖ In the subsequent case of Elkhorn Mining v. United States, the Court of Appeals for the Federal Circuit held that principal and statutory interest are due to the producers and exporters for the "illegally levied taxes."

Notwithstanding repeated rulings by the courts against the IRS that the principal and statutory interest amounts on certain CET refund claims are owed to coal producers and exporters, the IRS has again appealed the issue.❖ The IRS has taken this position even though the courts have clearly established that the export of coal makes the tax unconstitutional and makes the refund due.

The IRS continues to appeal the issue of whether or not it owes principal and interest on Tucker Act claims filed by coal producers and exporters.❖ The legislation is necessary to ensure that all claimants will be able to recover all amounts owed during the six-year period of recovery under the Tucker Act, and all administrative refund claims.

The correction provided by H.R. 1762 is set out in the form of an off-code provision and will not result in a change to the Internal Revenue Code.❖ There is no need for legislation to apply prospectively because the marketplace has addressed the issue for the foreseeable future.

H.R. 1762 is simple and straightforward and will facilitate direct refunds plus statutory interest on the unconstitutionally collected tax to producers and exporters when they establish that the coal upon which the tax was paid was exported.❖ The IRS has 180 days from filing of a claim to determine whether the exporter has proved the coal was exported and that a refund is due, and another 180 days to refund the money owed the taxpayer.

The bill also tracks the exact statutory time periods for which refunds of the unconstitutionally collected tax are allowed under current law.❖ Refunds will be made from the fourth quarter of 1990 to present, even though the unconstitutional burden of this tax was imposed an additional 12 years for exports, since 1978.❖ Refunds of tax already paid through the administrative claims process will be prohibited to prevent any possibility of double dipping.

This resolution will also end the needless litigation between industry and the U.S. government concerning CET refunds.❖ Although entitled to the refunds of the unconstitutional coal excise tax on exported coal, the IRS continues to deny certain administrative claims and continues to litigate issues that have been repeatedly ruled on by the courts.❖ This affects both the producers and the unaffiliated coal exporters.

The refunds will infuse the industry with additional capital that can be used for reinvestment and job creation.❖ This was unconstitutional levied.❖ Coal excise taxes paid to the Treasury are owed to the taxpayers who bore the burden of these taxes, and the monies can in turn be used for reinvestment in alternative energy, cleaning burning coal, and ultimately help our economy.

I appreciate the Committee's time, and I am open to any questions.

[The statement of [Mr. Davis](#) follows:]

*Mr. Larson.❖ Thank you very much.❖ I appreciate the testimony from the gentleman from Kentucky.

I will now recognize the gentleman from Pennsylvania, Mr. Murphy, and ask that the gentleman from Washington state, Mr. Inslee, come forward as well, and just remind the panelists that we have a vote

that is going on.

Mr. Murphy.

STATEMENT OF THE HONORABLE TIM MURPHY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

*Mr. Murphy. Thank you, Mr. Chairman and distinguished colleagues of the Committee. And thank you for allowing me to speak on behalf of my legislation, the Environmental Restoration Act. Please allow me to explain how this bill can be a key component of our national strategy to achieve energy independence.

This Congress has been keenly aware of our nation's need to produce more energy here at home. We import too much energy sources from the most volatile regions of the globe. These dependent relationships compromise our long-term national security, economic security, and energy security.

More than a century ago, much of the modern industrial world was literally built by Pittsburgh Energy and Pittsburgh Steel. Andrew Carnegie did not manufacture steel in Pittsburgh because the region had abundant supplies of iron ore. Rather, steel was made in Southwestern Pennsylvania because we had energy, and lots of it, in the form of coal and the water resources to transport it.

To this day, Pittsburgh sits on top of a 250-year supply of coal. The Pittsburgh coal seam is one of the most valuable natural resource stockpiles in the entire world. As we seek to capitalize on domestic energy supplies, we must make coal, clean coal energy, a big part of this equation.

Coal produces more than half our domestic electricity, and this Congress has provided extensive funding for research and clean coal initiatives that will virtually eliminate emissions in future plants. However, the coal mines of decades past did not emphasize clean air or clean water.

One of the unfortunate legacies of the coal mining industry are mountains and mountains of waste coal, also known as gob. In the past, mining technology was less sophisticated in separating out coal from other materials. These gob piles are a mixture of coal, clay, rocks, soil, and other unusable raw materials. These massive piles can be seen on the horizon in any mining state. They are unsightly, and a source of air pollution from their dust and acid mine runoff that pollutes our streams every time it rains.

However, the 1.1 billion tons of waste coal in the U.S. are potential sources of energy. By using waste coal as a fuel source in power plants, the existing waste coal sites can be reclaimed, the mine drainage associated with these sites ameliorated, and the mine lands can be reclaimed for other uses. It is an expensive process, however. But creating energy out of waste coal has obvious benefits for cleaning up the environment while producing that energy.

Toward the objective of recycling more waste coal, the Environmental Restoration Act would encourage energy producers to address waste coal by providing a business tax credit for waste coal energy production. This year's bill would provide a tax credit to an energy producer of 51.7 cents per million BTUs of heat input from the qualified waste coal recycling. Simply put, the bill would provide an essential incentive for the private sector to overcome the financial costs of recycling waste coal and maximize its energy potential.

Mr. Chairman, I know you and Members of the Subcommittee share my unequivocal goal of obtaining

energy independence based on cleaner alternative sources for energy for America. In pursuit of that energy independence, we need to conserve our energy use, diversify our energy sources, and explore new sources of energy. I believe the Environmental Restoration Act can be an indispensable part of such a strategy.

Thank you for allowing me this time today and for your consideration of the Environmental Restoration Act. I look forward to continuing cooperation to secure an energy-independent future for our nation. Thank you.

[The statement of [Mr. Murphy](#) follows:]

*Mr. Larson. I thank the gentleman from Pennsylvania for his insightful testimony, and would now call upon the gentleman from Washington state, Mr. Inslee, a leader and introducer of an Apollo plan for energy independence for the country.

Mr. Inslee.

STATEMENT OF THE HONORABLE JAY INSLEE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

*Mr. Inslee. Thank you, Mr. Chairman. And we are all leaders on energy. We need to be.

I have got four points I would like to quickly make. The first point, I was just reading an article asking what the new frontier is for America after the original western frontier and then the space frontier. What is the new frontier?

And I would suggest the new frontier is clean energy. And we are here today, and this Committee can really advance the ball on that and I hope to work with the Committee to do that. I have introduced several bills -- a plug-in hybrid bill, a co-generation bill, a Marine energy bill, and lastly, the big smorgasbord piece, the new Apollo energy project bill, which has a whole host of new tax incentives to help American businesses develop these new technologies. And I think this can play a pivotal role in what really is the new frontier of the new Apollo project for our country.

The second point, I want to point to the Committee that it will have, I believe, some funds available to us to help develop these new economic marvels because we are at some point going to have a cap and trade system that will generate significant revenues to be used in these new investments.

If you look at -- we don't know the precise contours of that program, but I think it is reasonable to expect that it could generate \$20 billion by 2020 and \$60 billion by 2025 from the auctions, permits that would be sold to bidders on the open market for the right to put carbon dioxide in the atmosphere.

So as we go forward, this discussion of where we find tax incentives to incentivize new investment in American technology, I think we should be aware we are going to have some funds with which to make those investments. And that is a nice parallel situation, where we have a fund to produce this money and a way to use it to create technologies to reduce CO2 emissions.

The third point, and I think it maybe might be one of the most important ones I would like to make, is that whatever this Committee does, I think it is extremely important to take a position that tax incentives are effective when they are long-term and predictable, and investors can have confidence that they will be there for longer than short periods of a one- or two-year period.

I have been writing a book for the last year about the development of the clean energy in the United States -- the electrification of the car, the wave energy, the solar energy, wonderful things that are going on, the energy efficiency industries, companies that are finding out how to use our computer systems, for instance, more efficiently.

And I think every single business person I have talked to that is engaged in developing these new technologically oriented companies, they all have one thing to say to me: ❖ Do not do short-term tax incentives. ❖ Do them long term. ❖ Because when you go to a venture capitalist or the equity funds, the only way to really make them work is to give predictability that the business plan is going to last more than one or two years.

Investors are not interested in putting money into companies that are going to fold in 14 months because Congress has a change of flavor, and the tax break dries up and goes away. ❖ So the one thing I would really urge the Committee to do is whatever we do, do it for a longer period of time so that we can unlock the investment capital.

One difference from the Apollo project, the original one and the second one that I am advancing, is that that one was done pretty much with all public funds. ❖ This one is one where we have got to use public funds to leverage huge investments from the private capital system, which can be much more change-inducing than even the original Apollo project. ❖ So I would urge you to make them long term.

Fourth, I would urge the Committee to be scrupulous in its review of these new sources of energy. ❖ Not all "alternative" energy sources are created equal when it comes to carbon dioxide in particular. ❖ And I would urge the Committee to focus its precious resources of tax incentives on the measures that will help us deal with global warming.

Now, one case in point is coal. ❖ I think there is a good possibility we can burn coal cleanly, capture the CO₂, bury it underground, and produce electricity in an economic manner. ❖ However, some have suggested we do what is called coal to liquids, where we gasify coal, we make it into a liquid, and we burn it in our cars.

That is something that does not reduce CO₂ emissions, unfortunately. ❖ It will either create twice as many emissions per gallon of gasoline or, at best case scenario, only as good as gasoline. ❖ I don't think we have enough resources to use our tax breaks on industries that will not solve the global warming problem. ❖ I urge us to target.

And thank you for your interest, Mr. Chair.

[The statement of [Mr. Inslee](#) follows:]

*Mr. Larson. ❖ Well, I thank the gentleman from Washington state, and it is an honor to serve with him on the select Committee on Energy Independence and Global Warming. ❖ And again, your knowledge and understanding of the need to leverage new financial platforms that will assist in this area of technology transfer, and your admonitions to the Committee with regard to the scarcity of resources and to appropriately invest them, are well received and taken.

I thank the gentleman for his testimony. ❖ You may submit further testimony if you like. ❖ I would like to thank all the witnesses for their testimony today. ❖ It was extremely helpful as we move forward in crafting our legislation in the Committee.

Without objection, Chairman Neal has asked that the record will remain open for two weeks for any additional material that needs to be included.

If there are no further comments or questions, the hearing will stand adjourned.

[Whereupon, at 4:45 p.m., the Subcommittee was adjourned.]

[Submissions for the record follows:]

[AARP, Statement](#)

[David B. Goldstein, Statement](#)

[Enterprise Rent-A-Car, Statement](#)

[Methanol Institute, Statement](#)

[Wayne F. Krouse, Statement](#)